

Basic RFQ Process Outline

Real Estate Research Consultants

RERC has drafted this outline to provide you with our basic approach to the development of an RFQ for development of designated properties for multi-family and/or commercial uses. This approach is straightforward, not differing substantially from that employed in soliciting development proposals for a variety of publicly owned tracts we have successfully marketed over the past ten years. As we have conceived the process, the principal tasks fall into four main areas, which may be modified to meet specified client needs. These are amplified below.

TASK 1.0, PREPARATION OF PROPOSAL INFORMATION

Collectively, the initial tasks associated with preparing an RFQ/RFP focus on the principal issues to consider, an assessment of the reasonable alternatives under assumed conditions, and drafting of the RFQ document itself. Task 1.0 includes the following efforts.

Task 1.1, Synthesize Objectives

RERC meets with Client staff and key stakeholders to discuss perceived concerns, needs, and priorities and to review prior planning or policy statements for the property(ies). These discussions will focus on your objectives as they establish a foundation for an approach that can be implemented.

Task 1.2, Evaluate Opportunities and Examine Constraints

To evaluate those potential uses and users appropriate to a commercial and residential plan on the subject property(ies), RERC completes an assessment of opportunities and constraints sufficient in detail to guide the general theme and content of the developer RFQ and subsequent RFP in the context of desirable land uses, physical resources, reasonable performance measures and available community resources, if any. This effort usually includes a market analysis (which may have already been completed) that should be further refined by those responding to this offer.

The analysis would address reasonable development program expectations and describe facilities which should be included, subject to negotiation. A particular goal of the analysis will be an assessment of the Client's possible financial expectations under certain conditions. Direct participation, for example, could be a means of increasing the attractiveness of the property(ies) to potential developers. Such opportunities and their limitations will be explored as part of

this brief study. The financial information would be available to guide later negotiations.

Task 1.3, Interim Work Session

The Client staff and key stakeholders would respond to the RERC analysis and revise objectives and priorities if necessary. This session provides an opportunity for the Client to respond to the physical and economic issues as they have been defined.

Task 1.4, Prepare Draft RFQ/RFP

RERC contemplates an initial Request for Qualifications followed by a more detailed Request for Proposals. The two documents would function together to identify and screen prospective developers and development teams as appropriate to the circumstances of the property. Because a sound RFQ is an iterative process reflecting the issues that are identified in Tasks 1.1-1.3, we contemplate up to three drafts of this document before it is distributed. Once specific items have been discussed, the drafting of this document is largely a technical process that assures understanding by the parties, outlines respective expectations and responsibilities, identifies any possible resources that may be committed, and establishes a framework for both review and later negotiations.

Key considerations as suggested by tasks 1.1-1.3 are almost certainly to be the same encountered in most efforts of this type, with adjustments as necessary for the physical, social and economic context of the subject assets. The following are the key criteria to be used for evaluating responses by interested developers.

□ Quality of the submittal

- *Demonstrated understanding of property owner's goals*
- *Creativity and attractiveness in design solutions in previous projects*
- *Understanding of regulatory issues*
- *Satisfaction of public objectives (e.g., historic preservation)*
- *Integration with existing neighborhoods and adjacent uses*
- *Related experience of development team members in implementing like plans*
- *Response to existing facilities or other relatively fixed conditions of the site*
- *Overall reasonableness of the plan*

❑ **Capability to implement the development**

- *Technical ability of the development team and its members to perform*
- *Background, qualifications, experience, and expertise of the development team in like ventures or similarly sized developments*
- *Demonstrated approaches to equity or debt capital*
- *Years of experience in similar ventures*
- *General expectation about the concept's marketability and feasibility*
- *Overall integrity of the concept*
- *Resources pledged to this effort*
- *Reasonableness of timetable*

❑ **Financial considerations**

- *Present value of cash transaction and/or other considerations*
- *Probable development budget*
- *Impacts of unknowns and/or contingencies*
- *Impacts of takedowns, phasing, and other developer controlled actions*
- *Demonstrated financial capacity of the team and its individual members*
- *Minimum requirements for public assistance, if any*

❑ **Ability to offer long-term assurances of completion**

- *Financial or other forms of guaranteed performance to implement major aspects of plan and satisfy Client's financial and planning objectives*

TASK 2.0, SOLICITATION OF QUALIFICATIONS

The objective of Task 2.0 is to identify potential buyers or development teams capable of executing the general concepts envisioned by the Client. While it will be the consultant's responsibility to isolate specific issues related to the identification, solicitation, and negotiation of potential private interests, the Client will also assume an active role in mounting public support and refining financial plans for the proposed project.

The consultant and the Client will identify and/or advertise for possible private interests willing to respond to a brief Request for Qualifications. Following review of these submissions, the Client may choose to solicit more detailed

proposals from a selected group of buyers or development teams. Responsibilities associated with Task 2.0 will be assumed directly by RERC acting in concert with the Client and its legal advisors as necessary.

Principal tasks associated with the distribution of the RFQ include:

- *Identification of target prospects*
- *Establish timetable*
- *Establish detailed internal rules for the submittal/evaluation process*
- *Assist in placing advertisement*
- *Assist in the distribution of documents*
- *Answer questions through Client directed channels*
- *Outline review process*

TASK 3.0, EVALUATION OF QUALIFICATIONS

Drafting and distribution of the initial RFQ will take approximately three to four weeks. Receipt of submissions will require another four to six weeks. Ranking and subsequent solicitation of more detailed proposals could take approximately six to eight weeks depending on prevailing circumstances, the number of responses, and needs of the Client. This task anticipates only the initial ranking of qualified development teams and does not include subsequent follow up proposal requests, reviews, or negotiations that might occur.

Although specific services envisioned under Task 3.0 might be refined as the actual RFQ is drafted, the effort would generally include such items as the following:

- *Evaluate capacity of overall development team to satisfy the intent of the Client*
- *Evaluate economic and physical links among potential project elements, if any*
- *Evaluate the size and relationship of functional elements in prior projects as described in the submission of documents*
- *Comment on general specifications, development budget, and project results in the development team's experience to judge level of quality and design demonstrated*
- *Evaluate previous loan and credit history*
- *Evaluate financial capacity of development team to deliver the concept as specified*

- *Evaluate financial impact of proposed property take-downs and other developer requirements and/or contingencies*
- *Comment of the appropriateness of the ownership or management structure particular to each potential development project*
- *Structure interview process anticipated at the end of the submission period, if any*
- *Work closely with the Client's staff, key stakeholders, or legal advisors as required*
- *Generally assist the Client as otherwise needed*

Task 3.0 would result in the recommendation of a qualified development team(s) for the subject properties, considered individually or collectively. The criteria for evaluation would be those identified in Task 1.4 and modified by the Client.

An important issue at this stage is how various proposals might be coordinated to achieve the optimum overall development plan and financial strategy for downtown. Working papers addressing contract issues and principles as well as planning and design issues pertinent to the subsequent RFP and selection process may be prepared on ad hoc basis, becoming a resource for use in subsequent negotiations.

The attached flow diagram illustrates in summary how the RFQ/RFP process proceeds from one logical step to the next. Timetables are illustrative based upon experience with prior projects in a wide variety of situations.

BASIC RFQ/RFP PROCESS FLOW DIAGRAM

TASK 1.0 - PREPARATION OF RFQ & RFP

- ❑ *Synthesize Goals & Objectives for property(s)*
- ❑ *Opportunities & Constraints*
- ❑ *Work session*
- ❑ *Draft RFQ/RFP*

TASK 2.0 – SOLICITATION & REVIEW OF QUALIFICATIONS

- ❑ *Identify target prospects*
- ❑ *Establish timetable*
- ❑ *Establish rules for evaluation*
- ❑ *Advertise & distribute*
- ❑ *Respond to questions from prospects*
- ❑ *Accept responses*

TASK 3.0 - EVALUATION OF DEVELOPER PROPOSALS

- ❑ *Capacity of proposal to meet goals*
- ❑ *Economic & physical issues*
- ❑ *Practicality of land use plan*
- ❑ *Review designs, budgets, and specifications*
- ❑ *Evaluate credit history*
- ❑ *Evaluate financial capacity*
- ❑ *Review ownership & management*
- ❑ *Evaluate overall business deal*

TASK 4.0 – DEVELOPER NEGOTIATIONS

- ❑ *Respond to final business deal*
- ❑ *Provide contract principles*
- ❑ *Coordinate all consultants*
- ❑ *Interface with planners, engineers, & legal advisors*
- ❑ *Generally assist client to conclude deal*